

Community Choices for the Amherst Town Libraries, 2010-2014
Report on Funding Scenarios

Submitted to Trustees, July 11, 2008 and to the
Community Voices/Budget Choices Facilitation Committee, July 17, 2008

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Amherst Town Libraries are committed to supporting civic and cultural life in our region by

- Providing access to published, audiovisual and digital materials
 - Assisting people in their quest for information
 - Preserving the history of our region
 - Serving as meeting places for the community's educational and cultural pursuits
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I. Five funding scenarios are shown for fiscal years 2010 - 2014. A one-page description of the library services that can be maintained at each funding level accompanies a spreadsheet with financial data.

Each scenario is compared to a projection for "Level Services" which would maintain staffing and operations at the FY 2009 level through 2014. Cost assumptions for future years follow guidelines provided by the Town Finance Director.

The financial estimates here are basic calculations designed to illustrate five possible levels of funding. This very brief summary will provide an introduction and serve as a stimulus for discussion of the funding dilemma that faces the Town. Much more detail (staff turnover, stock market performance, capital investment in energy savings, etc) could be added to create many possible variations in the funding picture over the next five years.

II. A chart of Library Capital Needs recommends projects for fiscal years 2010 – 2014.

III. This section provides background information on the Jones Library, Inc. endowment, including the Investment and Spending policies and a market performance study provided by Vanguard Asset Management.

IV. Additional materials describe the goals of Library's long range plan for 2007-2010 and compares library services in Amherst with towns of similar size.

Library Trustees have been struggling to find answers to a very important question -- how can we sustain the high quality library services that people in Amherst depend on? The town's education economy needs library and information services to fuel individual creative work, educational attainment, innovative research and business development. We look forward to discussing these issues with the Facilitation Committee and also to increasing community involvement in creating a long term funding plan.

Town Libraries Operating Expenses Funding Scenarios 2010 - 2014

"Level Services"	2009	2010	2011	2012	2013	2014
	Town Mtg	est.	est.	est.	est.	est.
Salaries/Wages/Extra steps est.	\$1,341,765	\$1,388,727	\$1,437,332	\$1,480,452	\$1,524,866	\$1,570,612
Benefits	\$259,416	\$10,476	\$9,737	\$6,830	\$7,085	\$5,295
Materials	\$240,308	\$274,981	\$302,479	\$332,727	\$366,000	\$402,600
Other Operations	\$286,658	\$253,195	\$261,671	\$269,043	\$277,122	\$285,137
		\$295,258	\$304,115	\$313,239	\$322,636	\$332,315
TOTAL	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
increase by		4.4%	4.2%	3.8%	4.0%	3.9%

- 1.a. -

Materials calc:

Notes	
Benefits 6, 10, 10, 10, 10	ops-benes
COLA 3.5, 3.5, 3.3, 3.	\$1,694,461
operations inflation 3%	1947656.223
	\$253,195
	\$1,751,185
	2012856.192
	\$261,671
	\$1,800,522
	2069564.992
	\$269,043
	\$1,854,587
	2131708.904
	\$277,122
	\$1,908,222
	2193358.291
	\$285,137

No staff turnover, 29 positions with benefits

Section I. Funding Scenarios

Level 1: "Level Funding" – Worst Case Scenario

A. Financial Assumptions:

- Growth of Town Tax support limited to 2.5% annually
- 1% growth for Town managed Library Trust Funds
- No growth for State Aid to Libraries (This cherry sheet account has been cut or level funded for the past seven years.)
- Growth of Library endowment at 2.5% per year (plus 5% spending).
- Percentage distributed from endowment funds declines to reach 5% of market value by FY 2013, per Trustee target of 5% in the Investment Policy.
- No change in levels of fund raising and donations from the FY 2009 level

B. Program impact:

Compared with the cost to maintain level services over the same time period, **"Level Funding" would require cuts of at least \$50,000 - \$70,000 to the library's budget each year for five years in a row.** Five benefitted positions would be cut (out of 29) and many "extra help" workers would be lost. Town residents would not be able to depend on the Libraries to meet their education or information needs.

By 2014, cuts would produce major reductions to all aspects of the public services provided by Town Libraries. Continued staff layoffs will mean closing the main and branch libraries for 36 hours, potentially closing both branch libraries and cutting Sunday hours, back to the state minimum of 63 hours a week. With libraries closed more often, there will be fewer welcoming public places and fewer visitors to downtown Amherst. Residents' isolation will increase without strong neighborhood centers that foster a shared sense of community. There will be a negative impact on student school performance with fewer staff and information resources to support teacher preparation and student learning.

Public access to the Town's historical materials and special research collections will be severely limited with the loss of a full time archives position, cutting staffing in half. The addition of research materials to preserve for the future would halt. Historical exhibits would be closed most of the time, and cultural tourists will find fewer attractions in downtown.

English as a Second Language tutoring would be eliminated without the ESL Coordinator/trainer. One very vulnerable group of residents will lose a critical pathway to economic betterment and participation in local affairs

Funding would not keep up with inflation in book and AV prices, which will cause reduced numbers of new library materials. Heavily used items will be unavailable on library shelves, requiring readers to reserve materials and wait for delivery from other libraries.

One professional librarian position would be lost, reducing help for the public in locating information and using computer resources. Visitors will frequently experience a "reading room", not a full service library. Class instruction on computer skills would be suspended. The information technology gap in Amherst will widen between the "haves" and "have-nots".

"Scenario 1 -- Level Funding"

11-Jul-08

	FY 2009 Town Mtg	FY 2010 est.	FY 2011 est.	2012 est.	2013 est.	2014 est.
PUBLIC						
Tax/General Fund 2.5% growth/yr.	\$1,490,385	\$1,527,645	\$1,565,836	\$1,604,982	\$1,645,106	\$1,686,234
Town Trust at 1% growth/yr.	\$1,200	\$300	\$303	\$306	\$309	\$312
State Aid to Libraries, no increase already received	\$67,199	\$52,199	\$42,500	\$42,500	\$42,500	\$42,500
State Aid from Cherry Sheet	\$32,801	\$42,500	\$42,500	\$42,500	\$42,500	\$42,500
Subtotal	\$1,591,585	\$1,622,644	\$1,651,139	\$1,690,288	\$1,730,415	\$1,771,546
PRIVATE						
Jones Inc support	\$472,412	\$478,884	\$473,118	\$475,620	\$477,952	\$489,901
endowment grows 2.5% per yr.						
% distribution	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%
Annual Fund Drive & Repl Bk Fds	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Friends Beds4Books Donations	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
ESL Gifts, Public Library Fd	\$8,150	\$8,150	\$8,150	\$8,150	\$8,150	\$8,150
Subtotal	\$536,562	\$543,034	\$537,268	\$539,770	\$542,102	\$554,051
Total	\$2,128,147	\$2,165,678	\$2,188,407	\$2,230,058	\$2,272,517	\$2,325,597
Operations cost, Level Services	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
Funding Gap	\$0	-\$56,959	-\$126,928	-\$172,234	-\$225,192	-\$270,361

Level 2: "Level Services" – Keep FY 2009 Services Scenario

A. Financial Assumptions:

- Growth of Town Tax support at 6.1% to 4.7% to meet spending levels
- Town managed Library trust funds grow at 2.5%
- State Aid to Libraries – new state funding in 2011- The Mass. Board of Library Commissioners has designed a new program of funding public libraries which would generate new funding.
- Growth of Library endowment at 2.5% per year (plus 5% spending). Percentage distributed from endowment funds declines to reach 5% of market value by FY 2013, per Trustee target of 5% in the Investment Policy.
- No change in levels of fund raising and donations above the FY 09 level except a special Friends gift in FY 2011 when forward funding from library state aid ends

B. Program impact: Level Services

Level service funding would maintain Amherst as a place where all people have the opportunity to learn. The main library brings visitors to downtown, and two small branch libraries make strong neighborhood centers. Over 375,000 people a year visit the Town Libraries for educational work, personal development, cultural events, and small business support. 19,000 Amherst residents use their library cards, and Town Libraries check out over 500,000 items a year. Librarians locate information to answer 40,000 inquiries a year, helping all ages – from young school children to the elderly. Town Libraries provide public access to free Wi-Fi, wired internet connections, and computer software and hardware (used 50,000 times in FY 2009).

Library collections will be kept up to date with new print publications, sound and video recordings, online information and new technology. About 9,000 new items are added each year, including multiple copies for heavily requested titles. Library sponsored events will involve all parts of the community in literacy and learning. Pre-school children will develop thinking and language skills at the libraries. Senior citizens will continue their lifelong education through exhibits, book discussions, and meet the author nights. The Library sponsors approximately 300 programs for children and 130 for adults. Library meeting rooms will be used by community groups and performers for hundreds of events.

Researchers and genealogists will study the history of Amherst using rare documents, newspapers, manuscript collections, and literary works of local authors in the Special Collections department, six days a week. Tourists and students will come to Amherst from around the country to study creations by Emily Dickinson and Robert Frost, two of America's outstanding writers permanently linked to Amherst. Preservation of the Town's unique records will be accomplished for future generations using Community Preservation Act funding.

The English as a Second Language Center will help immigrants become self-reliant participants in the community by training volunteers who can teach English, GED test materials, and help students prepare for citizenship exams. 85 students a year will reach the goals that they set for themselves – to get a job, to pass a driver's license test, to better understand their children's teachers, or to obtain U.S. citizenship.

"Scenario 2 -- Level Services"

11-Jul-08

	FY 2009 Town Mtg	FY 2010 est.	FY 2011 est.	2012 est.	2013 est.	2014 est.
PUBLIC						
Tax support 6.1%, 6.1%, 5.3%, 5%, 4.7	\$1,490,385	\$1,581,298	\$1,677,758	\$1,766,679	\$1,855,013	\$1,942,198
Town Trust at 2.5% growth	\$1,200	\$300	\$308	\$315	\$323	\$331
State Aid to Libraries, with increase 2012 already received	\$67,199	\$52,199	\$42,500	\$50,000	\$50,000	\$50,000
State Aid from Cherry Sheet	\$32,801	\$42,500	\$50,000	\$50,000	\$50,000	\$50,000
Subtotal	\$1,591,585	\$1,676,297	\$1,770,565	\$1,866,994	\$1,955,336	\$2,042,530
PRIVATE						
Jones Inc support	\$472,412	\$478,884	\$473,118	\$475,620	\$477,952	\$489,901
endowment grows 2.5% per yr.						
% distribution	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%
Annual Fund Drive & Repl Bk Fds	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Friends, Beds4Books Donations	\$6,000	\$6,000	\$11,000	\$6,000	\$6,000	\$6,000
extra gift in FY 2011						
ESL Gifts, Public Library Fund	\$8,150	\$8,150	\$8,150	\$8,150	\$8,150	\$8,150
Subtotal	\$536,562	\$543,034	\$542,268	\$539,770	\$542,102	\$554,051
Total	\$2,128,147	\$2,219,331	\$2,312,833	\$2,406,764	\$2,497,438	\$2,596,581
Operations cost, Level Services	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
Funding Gap	\$0	-\$3,306	-\$2,502	\$4,472	-\$271	\$623

Level 3: "Minimal Enhancements" – Small increments of improvement

A. Financial Assumptions:

- Growth of Town Tax support at 6.0% annually
- 2.5% growth for Town managed Library trust funds
- State Aid to Libraries – new state funding in 2011- The Mass. Board of Library Commissioners has designed a new program of funding public libraries which would generate new funding.
- Growth of Library endowment at 2.5% per year (plus 5% spending). Percentage distributed from endowment funds declines to reach 5% of market value by FY 2013, per Trustee target of 5% in the Investment Policy.
- New endowment fund revenue from the addition of \$250,000 to the fund.
- Fund raising and donations increase annually by \$2,500 above the FY 09 level, plus a special Friends gift in FY 2011 when forward funding from library state aid ends

B. Program impact:

Compared with the cost to maintain level services over the same time period, **"Minimal Enhancements" would allow restoration of some previous program cuts, beginning in 2012.**

Priority would be given to restoring the 12 hours per week cuts in public services, re-opening to the public on Monday mornings at Jones Library, Thursday afternoons at North Amherst Library and Friday afternoons at Munson Memorial Library.

The position of Computer Technician would be increased to full time (from 30 to 37.5 hours/week). More and more information retrieval relies on computer applications and hardware, making it essential for library users to have dependable access to up to date, functional technology. Computer enhancements and software installations currently wait for months due to the many demands on this essential member of the staff.

Restore two months funding for the ESL Coordinator, so that she will be able to devote 100% of her time to assisting ESL tutors and students, instead of fund raising for annual donations. Re-hire "extra help" professional Reference Librarians on an hourly basis to fill-in for vacations and to meet demands for weekend information assistance. This will allow existing professional staff to stop weekend rotations and concentrate on their original assignments. Branch Librarians will return to work at their branch libraries, five days a week. Reopen Special Collections on Saturday mornings by re-hiring extra help for the main check out desk. Restore benefits for one Library Desk Assistant position to improve service delivery, reduce staff turnover and constant training of new hourly employees.

Address issues of pay equity, seeking parity with salaries for paraprofessionals and professional librarians in the Amherst schools.

In compliance with regulations set by the Mass. Board of Library Commissioners, 13% of additional funding would be allocated to the purchase of new library materials. Guidelines for state aid to libraries require that 13% of operations expenses (except employee benefits) go to fund library collections.

"Scenario 3 -- Minimal Enhancements"

11-Jul-08

	FY 2009 Town Mtg	FY 2010 est.	FY 2011 est.	2012 est.	2013 est.	2014 est.
PUBLIC						
Tax support at 6% growth/yr.	\$1,490,385	\$1,579,808	\$1,674,597	\$1,775,072	\$1,881,577	\$1,994,471
Town Trust at 2.5% growth	\$1,200	\$300	\$308	\$315	\$323	\$331
State Aid to Libraries, with increase already received	\$67,199	\$52,199	\$42,500	\$50,000	\$50,000	\$50,000
State Aid from Cherry Sheet	\$32,801	\$42,500	\$50,000	\$50,000	\$50,000	\$50,000
Subtotal	\$1,591,585	\$1,674,807	\$1,767,404	\$1,875,388	\$1,981,900	\$2,094,802
PRIVATE						
Jones Inc support	\$472,412	\$478,884	\$473,118	\$475,620	\$477,952	\$489,901
endowment grows 2.5% per yr.						
% distribution	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%
New endowment fund revenue			\$5,200	\$10,200	\$12,500	\$12,500
Annual Fund Drive & Repl Bk Fds increase	\$50,000	\$52,500	\$55,000	\$57,500	\$60,000	\$62,500
Friends Beds4Books Donations increa	\$6,000	\$7,000	\$11,000	\$7,000	\$7,000	\$7,000
ESL Gifts, Public Library Fund	\$8,150	\$8,150	\$8,150	\$2,150	\$2,150	\$2,150
Subtotal	\$536,562	\$546,534	\$547,268	\$542,270	\$547,102	\$561,551
Total	\$2,128,147	\$2,221,341	\$2,314,672	\$2,417,658	\$2,529,002	\$2,656,353
Operations cost, Level Services	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
Funding Gap or Surplus	\$0	-\$1,296	-\$663	\$15,366	\$31,293	\$60,395

Level 4: "Adequate Enhancements" – based on state benchmarks for designing an "adequate" new library for communities the size of Amherst

A. Financial Assumptions:

- Growth of Town Tax support at 6.25 % annually
- 2.5 % growth for Town managed Library trust funds
- State Aid to Libraries – new state funding in 2011
- Growth of Library endowment at 2.5 % per year (plus 5 % spending). Percentage distributed from endowment funds declines to reach 5 % of market value by FY 2013, per Trustee target of 5 % in the Investment Policy.
- New endowment fund revenue from the addition of \$250,000 to invested funds.
- Annual Fund donations increase annually by \$5,000 above the FY 09 level due to the addition of a new special fund raising event
- Fund raising gifts rise to \$8,000 in 2014.

B. Program impact:

Compared with the cost to maintain level services over the same time period, **"Adequate Enhancements" would provide enough funding to restore previously cut services by 2013 and to add one services typically planned for a new library in a community the size of Amherst in 2014.**

After restoration of the services in Level 3 and setting aside 13 % of new funding to meet the MBLC requirement for new materials, approximately \$35,500 would be available to meet one critical community need, such as adding a new Digital Resources Librarian or a youth programs for teens.

Option 1: As more and more library and information services move online, added expertise will be needed to organize and deliver digital resources. Readers, researchers and students look for 24/7 access to materials over the Internet, and this requires a specialist in computer applications who can design websites and adapt software. The library's website (currently run by a staff committee) will have to respond to the shift to digital information delivery. This will demand more staff time. There would not be enough funding for a full time position, but a part-time professional Digital Resources Librarian could make a real difference.

Option 2: Town Library resources for teens are inadequate in 2009. A small section of shelving houses popular reading, but there is no dedicated homework space with computer access or study assistance for kids. Ten more computers, printers, and viewing/listening devices are needed for children and youth 13-17. Teens study in groups which mean noise, and the groups need an area set aside where noise will not bother other library users. A new paraprofessional staff person who is trained in supporting teens will be required to make teen space and programs safe and welcoming to all students.

Popular demand: Increase the number of hours that the Town Libraries are open to the public beyond the restored schedule of 63 hours/week at Jones Library and 24 hours/week at each branch library. The Mass. Board of Library Commissioners recognizes 63 hours/week as the minimum requirement; however, library users request more public service hours whenever we do surveys of hold feedback sessions.

"Scenario 4 -- Adequate Enhancements"

11-Jul-08

	FY 2009 Town Mtg	FY 2010 est.	FY 2011 est.	2012 est.	2013 est.	2014 est.
PUBLIC						
Tax support at 6.25% growth/yr.	\$1,490,385	\$1,583,534	\$1,682,505	\$1,787,662	\$1,899,390	\$2,018,102
Town Trust at 2.5% growth	\$1,200	\$300	\$308	\$315	\$323	\$331
State Aid to Libraries, with increase already received	\$67,199	\$52,199	\$42,500	\$50,000	\$50,000	\$50,000
State Aid from Cherry Sheet	\$32,801	\$42,500	\$50,000	\$50,000	\$50,000	\$50,000
Subtotal	\$1,591,585	\$1,678,533	\$1,775,312	\$1,887,977	\$1,999,713	\$2,118,433
PRIVATE						
Jones Inc support	\$472,412	\$478,884	\$473,118	\$475,620	\$477,952	\$489,901
endowment grows 2.5% per yr.						
% distribution	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%
New endowment fund revenue			\$5,200	\$10,200	\$12,500	\$12,500
Annual Fund Drive & Repl Bk Fds, Mini-Golf Event	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000
Friends Beds4Books Donations	\$6,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
ESL Gifts, Public Library Fund	\$8,150	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000
Subtotal	\$536,562	\$544,884	\$545,118	\$553,620	\$561,952	\$579,901
Total	\$2,128,147	\$2,223,417	\$2,320,430	\$2,441,597	\$2,561,665	\$2,698,334
Operations cost, Level Services	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
Funding Gap or Surplus	\$0	\$780	\$5,095	\$39,305	\$63,956	\$102,376

Level 5: "Optimal Enhancements" – the "best" library for Amherst

A. Financial Assumptions:

- Growth of Town Tax support at 7% annually
- 2.5% growth for Town managed Library trust funds
- State Aid to Libraries – new state funding in 2011
- Growth of Library endowment at 2.5% per year (plus 5% spending). Percentage distributed from endowment funds declines to reach 5% of market value by FY 2013, per Trustee target of 5% in the Investment Policy.
- Fund raising and donations increase annually by \$5,000 above the FY 09 level
- New permanent endowment funds of \$300,000 add a new stream of income, plus new rental fees from café space.

B. Program impact:

Compared with the cost to maintain level services over the same time period, **"Optimal Enhancements" would add \$20,000 to \$70,000 each year for five years.** At this level the Library could add the services typically planned for a new library in a community the size of Amherst, but NOT go beyond a normal range of services. Three new positions would be added for Digital Resources, Youth Services, and Technical Services.

Examples of services to be added:

- 1) Add ten more computers for children and youth 13-17. Create and equip a separate area designed to meet the needs of youth outside of school and home-schooled youth. Add trained staff for customer service to youth.
- 2) Add a specialist in computer applications to design and develop online services.
- 3) Replace public computers more frequently (on a four year cycle)
- 4) Develop a café area for library patrons to meet friends, read, and relax.
- 5) Free public parking for library users and for staff with a drive through book return
- 6) Replace the humidification equipment to meet archives requirements in Special Collections and improve HVAC performance throughout the Jones Library.
- 7) Redesign and refurbish public spaces for added comfort and to make it easier for new visitors and people with disabilities to locate services
- 8) Add self-checkout equipment for faster service (requires all collections to be re-processed to a new scanning system)
- 9) Convert to "green" energy systems and decrease use of fossil fuels.

Staffing improvements would also be possible, such as:

- 10) Hire additional extra help staff to maintain public services during vacations and sickness in all departments.
- 11) Add a second staff person at branch libraries on Saturdays for service and safety
- 12) Improve staff productivity by creating a full time position with benefits in Technical Services, consolidating 37.5 hours worked by hourly staff, volunteers and work/study students.
- 13) Add a budget to pay for continuing education coursework in new skills for professional staff and in-service staff training for all employees.

"Scenario 5 -- Optimal Enhancements"

11-Jul-08

	FY 2009 Town Mtg	FY 2010 est.	FY 2011 est.	2012 est.	2013 est.	2014 est.
PUBLIC						
Tax support at 7% growth/yr.	\$1,490,385	\$1,594,712	\$1,706,342	\$1,825,786	\$1,953,591	\$2,090,342
Town Trust at 2.5% growth	\$1,200	\$300	\$308	\$315	\$323	\$331
State Aid to Libraries, with increase already received	\$67,199	\$52,199	\$42,500	\$50,000	\$50,000	\$50,000
State Aid from Cherry Sheet	\$32,801	\$42,500	\$50,000	\$50,000	\$50,000	\$50,000
Subtotal	\$1,591,585	\$1,689,711	\$1,799,149	\$1,926,101	\$2,053,914	\$2,190,673
PRIVATE						
Jones Inc support	\$472,412	\$478,884	\$473,118	\$475,620	\$477,952	\$489,901
endowment grows 2.5% per yr.						
% distribution	5.4%	5.3%	5.2%	5.1%	5.0%	5.0%
New endowment fund revenue			\$5,200	\$10,200	\$12,500	\$15,000
Annual Fund Drive & Repl Bk Fds, Mini-golf Event	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000
Friends Beds4Books Donations	\$6,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
ESL Gifts, Public Library Fund, rental fees	\$8,150	\$10,000	\$11,000	\$13,500	\$14,500	\$17,000
Subtotal	\$536,562	\$550,884	\$551,118	\$561,120	\$569,452	\$588,901
Total	\$2,128,147	\$2,240,595	\$2,350,267	\$2,487,221	\$2,623,366	\$2,779,574
Operations cost, Level Services	\$2,128,147	\$2,222,637	\$2,315,335	\$2,402,292	\$2,497,709	\$2,595,958
Funding Gap or Surplus	\$0	\$17,958	\$34,932	\$84,929	\$125,657	\$183,616

SECTION II. CAPITAL PROJECTS, 2010-2014

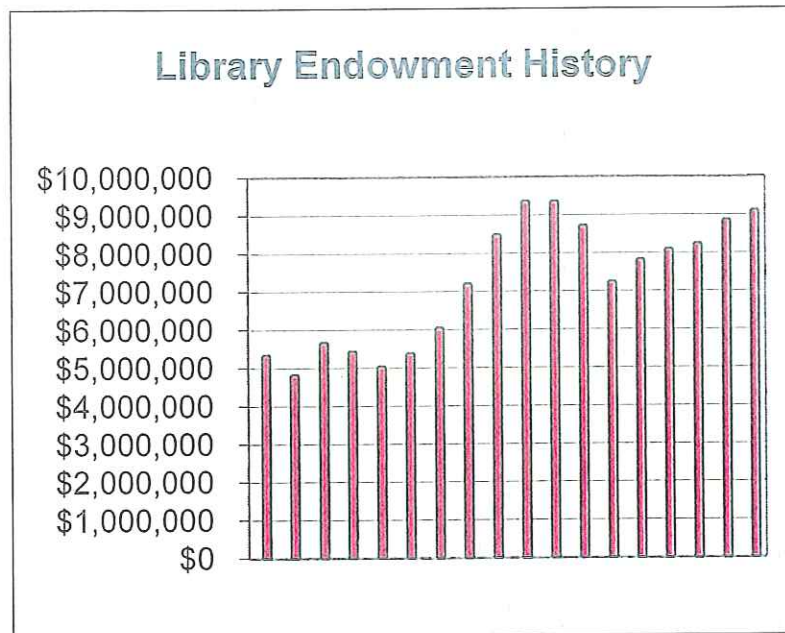
Department Name
Date Submitted

Town Libraries
5-Jun-08

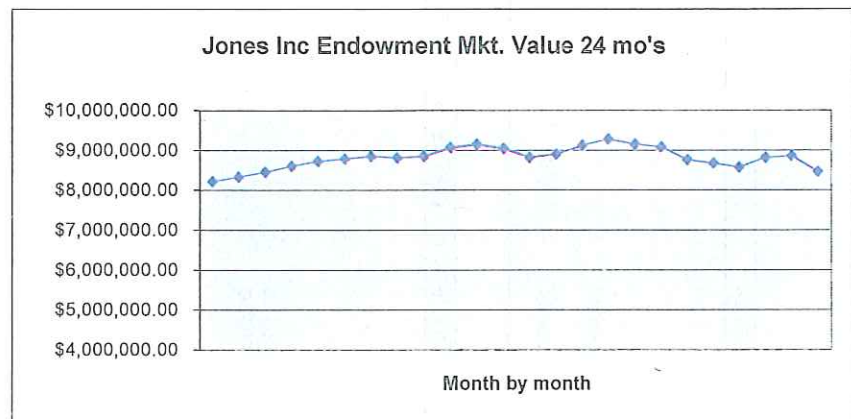
Dept Priority	Project Name	Category (Equipment, Building, Facility)	New or Replacement?	FY09 approved	FY10	FY11	FY12	FY13	FY 14	TOTAL
	Audiovisual shelving & furniture	E	R					\$ 8,000		\$ 8,000
	Replacement chairs/study tables	E	R			\$ 10,000				\$ 10,000
	Self-checkout equipment	E	N			\$ 30,000				\$ 30,000
	Infrastructure replacements: Computers	E	R	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 120,000
	Public Access computers for disabilities	E	N			\$ 10,000				\$ 10,000
	Copier/printer/scanner	E	R	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 30,000
	Security Cameras	E	N		\$ 7,500					\$ 7,500
	Roof Repairs: slate, skylights, gutters, eaves	B	R	\$ 14,000	\$ 7,500					\$ 21,500
	Exterior renovations, painting, new windows, repointing stonework	B	R		\$ 55,500		\$ 15,000		\$ 30,000	\$ 55,500
	Carpet replacement	B	R							\$ 45,000
	Interior renovations, space modification, plaster and painting	B	R			\$ 50,000		\$ 25,000	\$ 10,000	\$ 85,000
	HVAC upgrade	B	R					\$ 50,000		\$ 50,000
	Alternative Energy Project	B	N						\$ 100,000	\$ 100,000
	North Amherst Library design/expansion to be done when intersection is redesigned	F	R							\$ 400,000
	TOTAL			\$ 39,000	\$ 88,000	\$ 122,500	\$ 50,000	\$ 108,000	\$ 165,000	\$ 572,500
	Community Pres. Act									
	Roof & exterior Repair, slate and stonework	B	R			\$ 5,000	\$ 50,000	\$ 10,000		\$ 65,000
	Interior restoration, oil woodwork	B	R					\$ 25,000		\$ 25,000
	Archival document restoration and conservation	E	R	\$ 10,000	\$ 10,000					\$ 20,000
	HVAC climate control upgrade	B	R		\$ 25,000					\$ 25,000
	TOTAL			\$ 10,000	\$ 35,000	\$ 5,000	\$ 50,000	\$ 35,000	\$ -	\$ 110,000

Endowment Market Value, end of year

1990	\$5,340,941
1991	\$4,826,840
1992	\$5,672,537
1993	\$5,434,021
1994	\$5,039,046
1995	\$5,389,030
1996	\$6,051,696
1997	\$7,205,811
1998	\$8,494,182
1999	\$9,369,658
2000	\$9,357,358
2001	\$8,723,744
2002	\$7,244,685
2003	\$7,826,081
2004	\$8,096,502
2005	\$8,242,061
2006	\$8,867,699
2007	\$9,114,264



\$ 8,218,713.69	31-Jul-06	
\$ 8,334,207.26	31-Aug	
\$ 8,453,299.68	30-Sep	
\$ 8,603,732.89	31-Oct	
\$ 8,726,407.94	30-Nov	
\$ 8,791,218.22	31-Dec	
\$ 8,852,799.90	31-Jan	2007
\$ 8,810,826.35	28-Feb	
\$ 8,856,412.45	31-Mar	
\$ 9,067,907.83	30-Apr	
\$ 9,147,219.73	31-May	
\$ 9,042,944.49	30-Jun	
\$ 8,817,064.59	07/31/07	
\$ 8,889,278.08	6-Sep	
\$ 9,114,263.68	30-Sep	
\$ 9,266,079.37	31-Oct	
\$ 9,142,766.27	30-Nov	
\$ 9,066,161.22	31-Dec	
\$ 8,751,366.87	31-Jan	2008
\$ 8,658,202.47	29-Feb	
\$ 8,564,789.25	31-Mar	
\$ 8,801,683.87	30-Apr	
\$ 8,842,908.62	31-May	
\$ 8,448,422.89	1-Jul-08	



Vanguard Asset Management Service
P.O. Box 709 - T21
Valley Forge, PA 19482

DATE: July 8, 2008

TO: **Bonnie Isman**
Jones Library

FAX NO: 413-256-4096

FROM: James Gorman
Fax Number: 866-620-6893
Telephone Number: 800-567-5163, ext. 10267

MESSAGE:

Bonnie,

Take a look at the following analysis. It is different than I first planned but I think it may be more helpful. Much of the text on the first two pages may be unnecessary. I can add more "time-paths" to the analysis but thought that "best", "worst" and "average" made the most sense. Call me to discuss.

Thank you,
Jim

NUMBER OF PAGES 6 (Including Cover Sheet)

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Cash Flow Analysis

One of the biggest challenges that institutional investors are likely to face is ensuring that assets and income will regularly cover expenses. The analysis that follows is designed to reduce the uncertainties surrounding this key financial concern. The analysis examines long-term cash flows such as inflows from investment income and outflows caused by spending.

We base our cash-flow analysis on key assumptions, which are described here. The result is a cash-flow projection that shows, on an annual basis, the relationship between income, expenses, and portfolio balances.

Note: Your Vanguard assets were valued as of June 30, 2008.

Time Path Testing

Analyzing your portfolio using an average historical rate of return may provide some guidance on your ability to meet your spending goals. However, relying on average returns does not reflect the actual behavior of your portfolio over time. Time path testing allows us to examine your portfolio balances under a variety of actual year-to-year return conditions. Each pattern—or time path—takes into account not only portfolio returns but also inflation and the particular pattern of income and withdrawals detailed in the assumptions below. A high number of successful time-path scenarios is considered to be a more accurate indicator of a successful financial plan than a positive ending balance using average returns.

An Overview of the Decades

A host of economic, political, and market forces influenced the historical market returns that the recommended portfolio is being exposed to as part of our time-path analysis. Looking back cannot help you to predict the future. But, being aware of the past can sensitize you to the range of possibilities that could occur, which in turn can help you develop an asset allocation that you are comfortable with in any market environment.

Here is an overview of the recent decades:

- **1930s:** The decade begins in the midst of the stock market crash that began in September 1929, as well as the deepest depression in U.S. history. During the first three years of the 1930s, the economy experienced significant price declines as deflation averaged close to 9%. As stocks bottomed out in late 1932, the market value of U.S. stocks in general declined by over 80% from their peak in 1929. The remainder of the decade saw the beginning of the recovery as large-cap equities finished the decade with an average annual total return of close to 0%.
- **1940s:** World War II and its aftermath dominated the decade as U.S. monetary policy maintained low interest rates during the war and the early post-war years. In this environment of government restrictions and accelerated industrial production, price inflation returned, averaging slightly above 5% for the ten years ending in 1949. This

was a solid period for stocks as large-cap equities averaged around 9%; however, given the low interest rate environment, the return on fixed income securities averaged less than 3% during this turbulent decade.

- **1950s:** The beginning of the decade saw high price inflation of close to 6% for the first two years, but, the remainder of the 1950s experienced stable inflation below 3%. In March of 1951, T-Bill yields were deregulated after which T-Bill returns reflected free market rates and tracked more closely to inflation. Overall, it was a prosperous decade where large-cap equities provided average annual returns of approximately 19%.
- **1960s:** The decade begins with inflation of 1% and experiences the longest economic expansion until the 1990s. By mid-decade, however, spending on defense (the war in Vietnam) and social programs stimulates inflation. The decade ends with inflation steadily growing to about 6% and calls for government controls to slow inflation down.
- **1970s:** To rein in inflation, wage and price controls go into effect and the Federal Reserve boosts interest rates. An oil embargo by Mideast countries in 1973 and Mideast unrest in 1979 create oil shortages, greatly aggravating inflationary pressures. Stocks fall by 48% in a 21-month bear market in 1973-1974, the longest post-Depression stock slump up until then. People worry about "stagflation," a combination of recession and high inflation. The decade ends with 13% inflation and Treasury bill rates nearing 10%.
- **1980s:** With inflation climbing to almost 15% at the start of the decade, the Federal Reserve vows to curb inflation. The Fed tightens the money supply, sends interest rates soaring, and precipitates a deep recession (the unemployment rate reaches 10.8%). But inflation falls into the 3%-4% range. An 18-year-long bull market in stocks begins in 1982, with interim declines along the way. The most spectacular decline occurs on October 19, 1987, when the Dow Jones Industrial Average falls by 22.6% in a single day.
- **1990s:** A ten-year economic expansion starts in 1991, longest on record. Inflation remains in the 3% range for most of the period and at times slides below 2%. The long-term bull market in stocks that began in 1982 speeds up: The last five years of the decade see annual gains ranging from 21% to 31%, fueled by rampant speculation in technology-sector stocks. The market climb ends abruptly in March 2000, and stocks drop by 47% in the subsequent 31-month bear market.

How We Create Time Paths

We create over 80 time paths: We start by assuming that you begin investing at a specific point in time (for example, 1926, 1960 or 2000). We then use the actual rate of return that your asset allocation would have earned in that and each subsequent year. Once the year 2007 is reached, we apply the returns of 1926 and continue to cycle until either your assets are depleted or the end of the planning horizon is reached.

We begin by examining some of the key assumptions used in this analysis; portfolio assets, portfolio asset allocation, inflation, portfolio income, income and expenses. The result is a cash

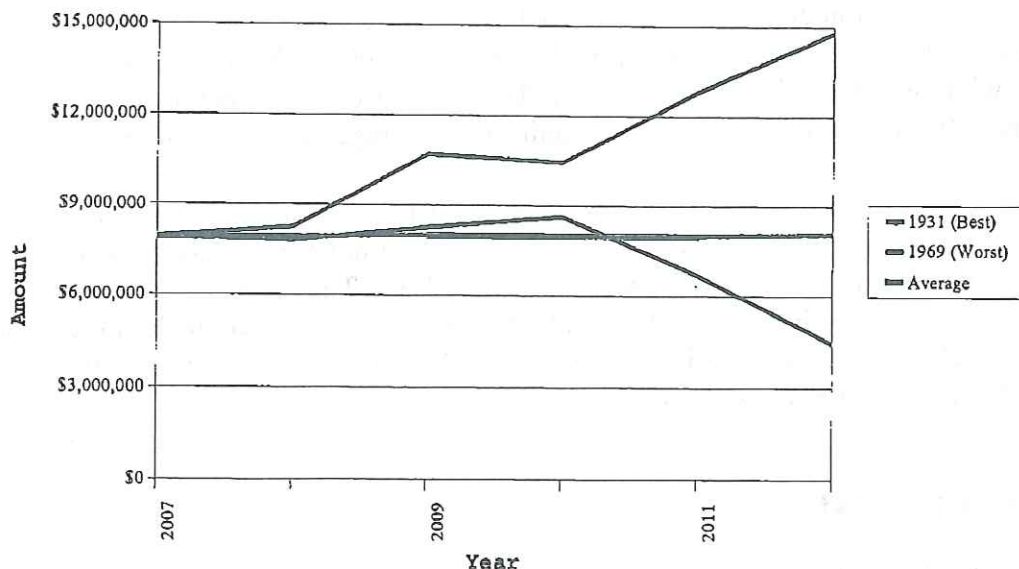
flow projection that shows, on an annual basis, the relationship among between expenses, income and portfolio balances.

Assessing Financial Risk

Assumptions:

- Initial value: \$8,377,100
- Annual Additions: None
- Annual Withdrawals: 5% of assets
- Allocation: 60% stocks and 40% bonds
- Timeframe: 5 years
- Values: All are current dollars.
- Inflation: For historical average is 3.05% annually.

Time-Path Analysis Simulated Portfolio Values Under Various Time-Path Assumptions Adjusted for Inflation 60% stocks and 40% bonds



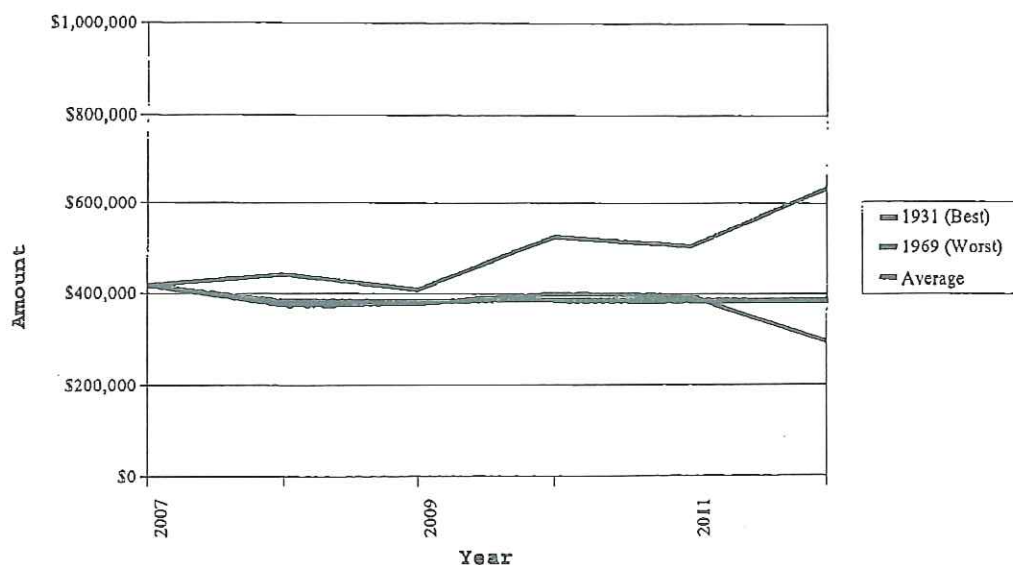
Cycle Start Year for Time-Path Scenarios	Ending Portfolio Value
1931 (Best Scenario)	The ending portfolio value in this scenario is approximately \$14,872,000.
1969 (Worst Scenario)	The ending portfolio value in this scenario is approximately \$4,480,000.
Historic Average Returns and Inflation	The ending portfolio value in this scenario is approximately \$8,080,000.

Following is a year by year comparison of the values. The starting balance was \$8,377,100.

Year	Time Paths		
	1931 (Best)	1969 (Worst)	Average
2008	\$7,952,052	\$7,956,237	\$7,960,163
2009	8,272,722	7,837,094	7,983,910
2010	10,708,157	8,295,870	8,007,727
2011	10,451,588	8,674,232	8,031,615
2012	12,860,608	6,691,684	8,055,575
2013	14,871,962	4,479,684	8,079,606

We also apply our time-path analysis to disbursements. As the analysis below shows, spending outcomes from the portfolio will differ depending on the pattern of projected returns.

Time Path Analysis
Simulated Value of Spending
 Adjusted for Inflation
 60% stocks and 40% bonds



Cycle Start Year for Time-Path Scenarios	Ending Portfolio Value	Disbursements at end
1931 (Best Scenario)	The ending portfolio spending in this scenario is approximately \$634,000.	
1969 (Worst Scenario)	The ending portfolio spending in this scenario is approximately \$298,000.	
Historic Average Returns and Inflation	The ending portfolio spending in this scenario is approximately \$391,000.	

Section III. Endowment Management

Thirty years ago, the endowment of the Jones Library, Incorporated, was invested by financial managers at Shawmut Bank next door. The account ended up at Bank of America after a series of mergers. Since late 2004 it has been invested by professional financial managers at Vanguard Asset Management Services in Valley Forge, PA.

The Investment Policy revised by the Trustees in 2004 specifies the following Investment Objectives:

A. To maintain the real value of the Fund by meeting or exceeding a rate of return equal to the spending rate, plus inflation. Currently this targeted return is 7.5% (5.0% spending rate + 2.5% inflation assumption).

B. To exceed the policy target index net of fees. The policy index is the calculated target commitment to each asset class by the rate of return of the appropriate market index as specified herein on a monthly basis. The policy target index is designated to indicate returns that a passive investor would earn by following the asset-allocation policy defined herein.

C. To have the equity portfolio meet or exceed the Wilshire 5000, the international portfolio meet or exceed the Total International Composite, and the bond portfolio meet or exceed the Lehman Brothers Aggregate Bond Index.

Asset allocations are made in fifteen mutual funds, allocated 60% to stocks and 40% to bonds (+/- 5%).

For the purposes of this report, I have assumed a 7.5% annual rate of return for the endowment fund in accordance with this policy.

Actual endowment performance

During the first three years at Vanguard (12/31/04 to 12/31/07), the annualized performance of the investments was reported at 8.19% growth, which exceeded the Investment Policy objective. During the calendar year 2007 the Jones Library endowment's investment performance was 6.71%. The endowment balance as of June 30, 2007 was \$9,042,944.

With the downturn in the stock market in 2008, performance has suffered. The most recent quarterly report shows performance at -1.01% for 3/31/07-3/31/08, and the account balance had fallen by 6.6% to \$8,448,423 (based on unofficial results from online reports) as of June 30, 2008.

As we all know, playing the stock market has its ups and downs. The Library's Vanguard Account Manager James Gorman has provided an analysis of the best, worst, and "average" cases for endowment performance over the next five years, based on actual market performance. In the worst case, the Jones Library, Inc. endowment would have an ending portfolio value of \$4,480,000. In the best case, the ending value would be \$14,872,000. More realistically, the historic average portfolio return would end with a value of \$8,080,000 over the next five years. The full report follows this section.

Also, Mr. Gorman has provided a report on the actual CPI rate for the past several years, showing an average of 3.25% for inflation, which is higher than the assumed rate of 2.5%. I am a librarian, not an economist, but I think it is safe to say that the endowment has not been keeping pace with inflation. Two graphs illustrate the fluctuations in the market value of the endowment funds since 1990.

Spending rates

The Trustees' Investment Policy specifies the following Cash Flows:

A. Cash Outflows. The Fund's current spending policy is targeted at 5.0%. This figure is calculated based on a three year moving average of the Fund's market value as declared on December 31. The calculation is determined annually with payouts occurring as needed during the fiscal year from July 1 to June 30.

In fact, over the past five years the Trustees have moved from a spending rate of 5.6% in FY 2005 to 5.4% in FY 2009. The board's current strategy is to reduce spending by one tenth of a percent per year to reach the 5% target. The spending rate is voted by the Board of Trustees during the annual budget cycle.

For the purposes of this report, I have reduced the spending rate by 0.1% each year to reach 5% in FY 2013.

B. Cash Inflows. Annual fund raising, donations, and bequests have varied considerably from year to year.

A full copy of the Endowment Management and Investment Policy is available from the Library Office or by email from ismanb@joneslibrary.org.

Section IV. Library Planning and Service Levels

The Mass. Board of Library Commissioners requires all public libraries to create and keep up to date five year plans for service development. The Amherst plan entitled "A Center for the Community: the Long Range Plan for the Amherst Town Libraries, 2007-2010" was completed in September, 2006. After nearly a year of discussion, public and staff input, the Trustees adopted three major goals.

I. Enhance high quality library services by strengthening the internal structure and organization of Town Libraries. Annual objectives are set for staff training, collection development, safety issues, diversity, space improvements, and technical infrastructure.

II. Increase public awareness of the value of Town Library Services. Communications and fund raising are key issues.

III. Meet the public's needs for information, education and cultural resources. Annual plans outline activities to provide library and information services to people with special needs, such as English language learners; to support lifelong learning; to encourage development of literacy skills in children and young adults; and to extend user access to library resources through the use of information technology.

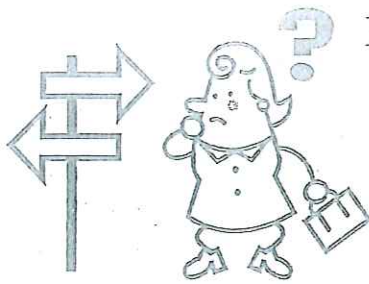
Two library fact sheets follow. Amherst libraries deliver services near the top of the range for Massachusetts towns in the population group 25,000 – 49,000, but municipal funding was ranked at number ten out of forty-six in FY 2007.

The first "Library Fact Sheet—Library Peer Group" was created for the library's long range planning, before recent cuts in hours and fee increases. It was based on FY 2004 data and compares the range of services offered and the performance of Amherst Town Libraries to a selected peer group of Massachusetts towns of similar size and character.

The second fact sheet is included in the annual Program Budget submitted to the Finance Committee and Select Board. It is based on FY 2007 data that is submitted as part of the library state aid application. It ranks the top 15 towns in Amherst's population group by municipal funding and lists a number of service units, such as circulation and weekly visits.

For more information on library operations

Work objectives, service levels, and past performance for individual Library departments are described in detail in the library's Program Budget Proposal for FY 2009 which is available on request.



Library Fact Sheet – Library Peer Group

How do Amherst Town Libraries compare to nine selected similar libraries in Massachusetts?

PEER GROUP COMPARISONS – FY 2004 Data

	Municipal Income	Total Expenses	Branches	Population 2002 est.
Amherst	\$1,202,619	\$1,738,493	2	34,417
Andover	\$2,130,916	\$2,125,262	0	31,818
Chicopee	\$1,004,703	\$1,007,709	3	54,833
Concord	\$1,391,739	\$1,409,355	1	17,028
Falmouth Public	\$1,371,860	\$1,416,517	(2 indept)	33,628
Lexington	\$1,478,184	\$1,640,594	1	30,663
Natick-Morse Library	\$1,346,315	\$1,491,408	1 bkmobile (1 indept)	30,765
Northampton-Forbes Library	\$897,883	\$1,084,815	(1 indept)	19,996
Wellesley	\$1,908,066	\$1,908,066	2	26,671
Westfield	\$662,892	\$953,380	0	40,314
(indept) = another independent library also operates in the municipality, data not included				

	Staff FTE's	Avg. Hours Open/Wk -- # of Sundays	Total Circulation	Collection Holdings
Amherst	35.3	103.6 – 39	565,257	252,817
Andover	36.7	63.9 – 38	557,723	277,609
Chicopee	27.2	111.9 – 0	237,403	115,524
Concord	29.5	96.6 – 31	329,712	255,269
Falmouth	30.7	86.8 – 0	500,224	156,538
Lexington	31.5	80.7 – 0	447,427	223,785
Natick-Morse	29	66.4 – 39	535,087	154,161
Northampton	23	47.2 – 0	364,438	260,439
Wellesley	41.5	115.4 – 37	568,134	289,535
Westfield	25	61.5 – 0	277,857	109,791

	Reference Queries	Internet pc's for public use	Meeting Rm. Uses	ESL or literacy program?
Amherst	39,452	35	675	Yes
Andover	57,215	37	613	Yes
Chicopee	23,276	54	43	Yes
Concord	17,854	20	247	--
Falmouth	58,906	15	490	Yes
Lexington	19,552	13	47	--
Natick-Morse	86,136	20	1,425	Yes
Northampton	29,959	15	380	--
Wellesley	33,791	53	1,066	--
Westfield	17,702	15	403	Yes

Local History/Special Collections?

Amherst – Special Collections Department: Curator, 11 collections

Andover – Andover Room: Reference Department, 1 collection

Chicopee – Chicopee History Room: Asst. Director, 1 collection

Concord – Special Collections/Town Archives: Curator, 22 collections

Falmouth – none listed

Lexington – Cary Memorial Library: Local History Librarian, 7 collections

Natick – Local History Collection: Head of Reference, 1 collection

Northampton – Coolidge Room: Head of Reference, 3 collections

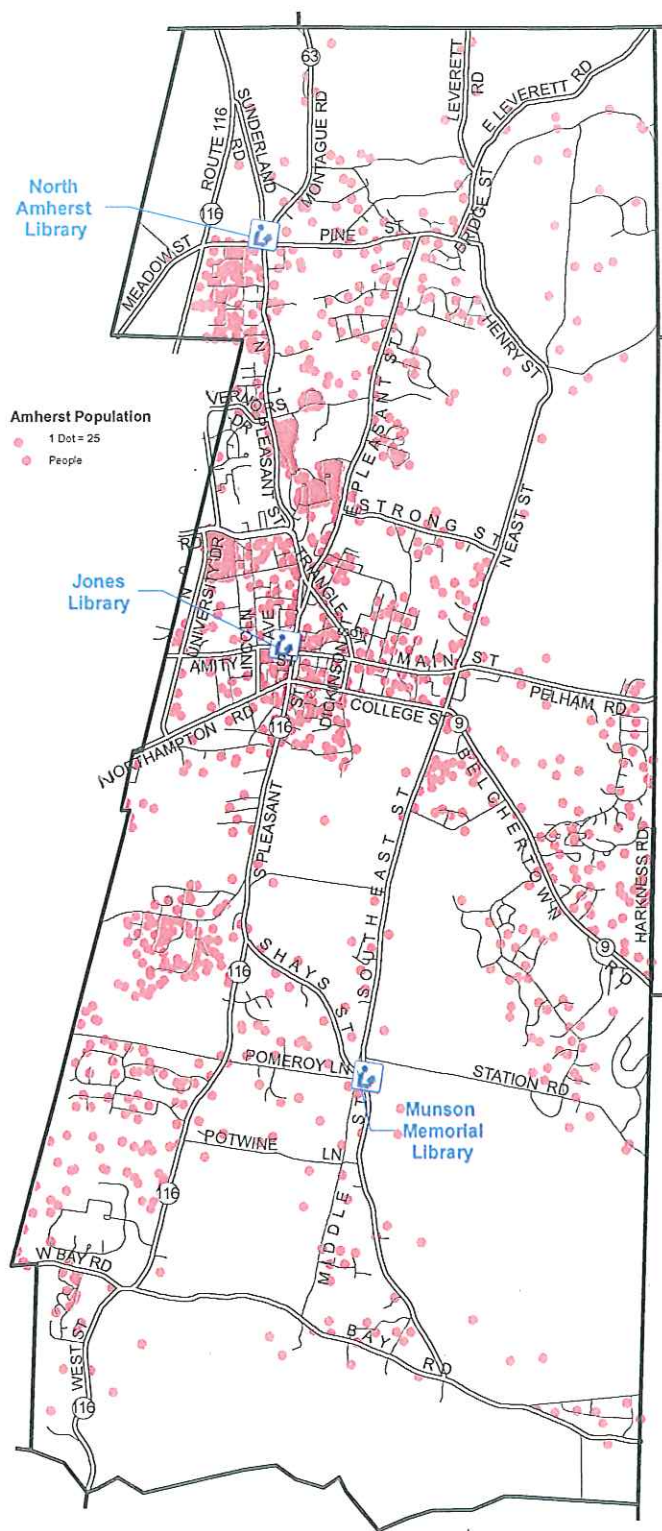
Wellesley – none listed

Westfield – none listed

		Total Municipal Income FY 2007	Books, DVD's, etc. Borrowed locally Total Direct Circulation FY 2007	Loans per Hour open FY 07	Books, etc. sent to other libraries (Annual)	Total Library Holdings All Items	# of Visits (Weekly Avg)	Reference Questions (Weekly Avg)	Hours Open All Lib's Per week	# Sundays Open (Annual)	Mtg. Room Uses (Annual)	Branch libraries & Bookmo biles (FY 06)
MUNICIPALITY	Pop. 2006 est.											
1 Andover*	33,475	\$2,400,758	492,648	169	69,518	252,069	8,056	1,124	64	38	691	0
2 Wellesley*	26,987	\$2,078,976	575,868	189	58,476	275,646	6,676	569	65	37	2,021	2
3 Lexington	30,231	\$2,030,295	641,708	148	33,762	243,275	8,861	864	88	36	919	1
4 Watertown	32,165	\$1,981,321	455,748	160	41,146	124,465	4,638	624	60	32	454	2
5 Arlington	41,075	\$1,781,936	514,598	135	41,199	237,969	na	1,366	79	0	1,388	1
6 Natick-Morse	30,292	\$1,714,221	518,201	160	63,464	171,493	10,449	558	70	34	1,617	1
7 Beverly	39,538	\$1,604,689	338,796	53	27,694	330,618	na	290	132	0	1,059	2
8 Falmouth-Public*	33,590	\$1,546,783	368,909	59	35,512	187,108	4,599	782	131	33	521	2 + 1 sep.
9 Chelmsford	33,707	\$1,448,079	593,661	130	44,304	149,368	4,385	364	95	29	1,760	1
10 Amherst	34,049	\$1,446,695	515,836	107	42,780	241,992	6,442	802	100	33	558	2
Northampton-												
11 Forbes & Lilly	28,592	\$1,215,589	402,641	93	23,527	263,554	5,156	2,958	88	77	510	2 sep. lbs
12 Needham	28,368	\$1,191,195	463,232	159	31,138	153,614	5,570	662	60	40	480	0
13 Shrewsbury	33,262	\$1,104,533	352,955	130	21,123	293,930	4,616	346	55	31	322	0
14 Salem	41,343	\$1,026,854	501,122	156	27,626	143,052	4,474	807	65	47	na	0
15 Agawam	28,510	\$913,136	324,598	114	24,033	156,602	5,544	264	59	0	505	0
City Springfield*	151,176	\$4,829,406	547,668	45	87,520	818,033	36,120	2,219	269	38	397	9

There are 46 libraries in this population group.
Libraries marked * have contracts with the MBLC to provide services to other libraries.

7-Mar-08



Amherst Library Map

